

**VILLAGE OF FAIRGROVE  
FAIRGROVE, MICHIGAN**

**FINANCIAL REPORT  
MARCH 31, 2004**

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Village of Fairgrove</b>	County <b>TUSCOLA</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>8/19/04</b>	Date Accountant Report Submitted to State: <b>September 23, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

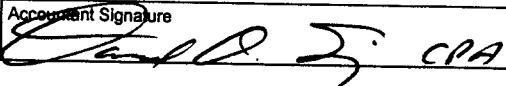
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Weinlander Fitzhugh</b>			
Street Address <b>1600 Center Avenue</b>		City <b>Bay City</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>48708</b>	Date <b>9/2/04</b>

**VILLAGE OF FAIRGROVE, MICHIGAN**

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# WEINLANDER FITZHUGH

CERTIFIED PUBLIC ACCOUNTANTS  
& CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

August 19, 2004

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To the Honorable Village Council  
Village of Fairgrove  
Fairgrove, Michigan

We have audited the accompanying general purpose financial statements of the Village of Fairgrove, Michigan as of March 31, 2004 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Fairgrove's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Fairgrove as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund, and individual account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Fairgrove. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose statements taken as a whole.

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**GENERAL PURPOSE FINANCIAL STATEMENTS**

**VILLAGE OF FAIRGROVE, MICHIGAN**

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>PROPRIETARY FUND TYPES</u>		<u>ACCOUNT GROUPS</u>		<u>TOTALS</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>(MEMORANDUM ONLY)</u>	
<u>ASSETS</u>							<u>MARCH 31,</u>	
							<u>2004</u>	<u>2003</u>
Cash	\$ 130,500	\$ 179,848	\$ 34,378				\$ 344,726	\$ 327,460
Taxes receivable	171	3,362					3,533	3,623
Accounts receivable-Other	27,347	29,740	34,384				91,471	36,475
Accrued interest receivable								407
Due from other funds	9,014						9,014	11,214
Restricted assets:								
Cash-Fire equipment purchases	955						955	955
Cash-Police equipment purchases	6,000						6,000	6,000
Fixed assets			2,514,185	\$ 135,394			2,649,579	2,650,236
Less accumulated depreciation			(1,111,451)	(107,578)			(1,219,029)	(1,164,946)
General fixed assets					\$ 1,822,485		1,822,485	1,785,192
Amount to be provided for payment of general long-term debt						\$ 55,146	55,146	80,973
<b>TOTAL ASSETS</b>	<u>\$ 173,987</u>	<u>\$ 212,950</u>	<u>\$ 1,471,496</u>	<u>\$ 27,816</u>	<u>\$ 1,822,485</u>	<u>\$ 55,146</u>	<u>\$ 3,763,880</u>	<u>\$ 3,737,589</u>

(CONTINUED)

VILLAGE OF FAIRGROVE, MICHIGAN

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
MARCH 31, 2004

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPES		ACCOUNT GROUPS		TOTALS	
	GENERAL	SPECIAL REVENUE	ENTERPRISE	INTERNAL SERVICE	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	(MEMORANDUM ONLY)	
							MARCH 31,	
							2004	2003
<b>LIABILITIES AND FUND EQUITY</b>								
<b>LIABILITIES:</b>								
Bank overdraft				\$ 4,715			\$ 4,715	\$ 2,418
Accounts payable	\$ 37,188	\$ 793	\$ 9,241	324			47,546	13,780
Due to other funds			9,014				9,014	11,214
Fire apparatus lease payable						\$ 54,893	54,893	80,392
Accrued vacation and sick leave						253	253	581
<b>TOTAL LIABILITIES</b>	<u>37,188</u>	<u>793</u>	<u>18,255</u>	<u>5,039</u>		<u>55,146</u>	<u>116,421</u>	<u>108,385</u>
<b>FUND EQUITY:</b>								
Investment in general fixed assets					\$ 1,822,485		1,822,485	1,785,192
Contributed capital			1,258,503				1,258,503	1,301,314
Fund balance:								
Restricted	6,955						6,955	6,955
Unrestricted	129,844	212,157					342,001	341,909
Retained earnings			194,738	22,777			217,515	193,834
<b>TOTAL FUND EQUITY</b>	<u>136,799</u>	<u>212,157</u>	<u>1,453,241</u>	<u>22,777</u>	<u>1,822,485</u>		<u>3,647,459</u>	<u>3,629,204</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 173,987</u>	<u>\$ 212,950</u>	<u>\$ 1,471,496</u>	<u>\$ 27,816</u>	<u>\$ 1,822,485</u>	<u>\$ 55,146</u>	<u>\$ 3,763,880</u>	<u>\$ 3,737,589</u>

The accompanying notes are an integral  
part of the financial statements.



**VILLAGE OF FAIRGROVE, MICHIGAN**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2004**

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>MARCH 31,</u>	
			<u>2004</u>	<u>2003</u>
<b>REVENUE:</b>				
Taxes	\$ 83,011	\$ 3,363	\$ 86,374	\$ 83,623
Intergovernmental	68,100	50,994	119,094	123,265
Miscellaneous	91,148	1,757	92,905	60,656
<b>TOTAL REVENUE</b>	<u>242,259</u>	<u>56,114</u>	<u>298,373</u>	<u>267,544</u>
<b>EXPENDITURES:</b>				
Elections	1,205		1,205	758
Administration	42,567		42,567	40,339
Streets		49,598	49,598	15,745
Village buildings and grounds	23,539		23,539	19,926
Fire	105,396		105,396	69,612
Police	18,284		18,284	19,214
Public works	51,692		51,692	51,906
<b>TOTAL EXPENDITURES</b>	<u>242,683</u>	<u>49,598</u>	<u>292,281</u>	<u>217,500</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(424)</u>	<u>6,516</u>	<u>6,092</u>	<u>50,044</u>
<b>OTHER FINANCING SOURCES (USES) :</b>				
Operating transfers in		7,636	7,636	8,039
Operating transfers out	(6,000)	(7,636)	(13,636)	(28,079)
<b>TOTAL OTHER FINANCING (USES)</b>	<u>(6,000)</u>	<u>-</u>	<u>(6,000)</u>	<u>(20,040)</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(6,424)</u>	<u>6,516</u>	<u>92</u>	<u>30,004</u>
<b>FUND BALANCE - APRIL 1</b>	143,223	205,641	348,864	318,860
<b>FUND BALANCE - MARCH 31</b>	<u>\$136,799</u>	<u>\$212,157</u>	<u>\$348,956</u>	<u>\$348,864</u>

The accompanying notes are an integral  
part of the financial statements.

**VILLAGE OF FAIRGROVE, MICHIGAN**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUND TYPES  
YEAR ENDED MARCH 31, 2004**

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<b>REVENUE:</b>									
Taxes	\$ 80,480	\$ 83,011	\$ 2,531	\$ 2,700	\$ 3,363	\$ 663	\$ 83,180	\$ 86,374	\$ 3,194
Intergovernmental	61,000	68,100	7,100	42,800	50,994	8,194	103,800	119,094	15,294
Miscellaneous	56,500	91,148	34,648	2,300	1,757	(543)	58,800	92,905	34,105
<b>TOTAL REVENUE</b>	<u>197,980</u>	<u>242,259</u>	<u>44,279</u>	<u>47,800</u>	<u>56,114</u>	<u>8,314</u>	<u>245,780</u>	<u>298,373</u>	<u>52,593</u>
<b>EXPENDITURES:</b>									
Elections	1,400	1,205	195				1,400	1,205	195
Administration	41,760	42,567	(807)				41,760	42,567	(807)
Streets				97,600	49,598	48,002	97,600	49,598	48,002
Village buildings and grounds	23,250	23,539	(289)				23,250	23,539	(289)
Police	18,304	18,284	20				18,304	18,284	20
Public works	55,100	51,692	3,408				55,100	51,692	3,408
Fire	96,025	105,396	(9,371)				96,025	105,396	(9,371)
<b>TOTAL EXPENDITURES</b>	<u>235,839</u>	<u>242,683</u>	<u>(6,844)</u>	<u>97,600</u>	<u>49,598</u>	<u>48,002</u>	<u>333,439</u>	<u>292,281</u>	<u>41,158</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(37,859)</u>	<u>(424)</u>	<u>37,435</u>	<u>(49,800)</u>	<u>6,516</u>	<u>56,316</u>	<u>(87,659)</u>	<u>6,092</u>	<u>93,751</u>
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating transfers in				6,500	7,636	1,136	6,500	7,636	1,136
Operating transfers out	(6,000)	(6,000)		(6,500)	(7,636)	(1,136)	(12,500)	(13,636)	(1,136)
<b>TOTAL OTHER FINANCING (USES)</b>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(43,859)</u>	<u>(6,424)</u>	<u>37,435</u>	<u>(49,800)</u>	<u>6,516</u>	<u>56,316</u>	<u>(93,659)</u>	<u>92</u>	<u>93,751</u>
<b>FUND BALANCE-APRIL 1</b>	143,223	143,223		205,641	205,641		348,864	348,864	
<b>FUND BALANCE-MARCH 31</b>	<u>\$ 99,364</u>	<u>\$ 136,799</u>	<u>\$ 37,435</u>	<u>\$ 155,841</u>	<u>\$ 212,157</u>	<u>\$ 56,316</u>	<u>\$ 255,205</u>	<u>\$ 348,956</u>	<u>\$ 93,751</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF FAIRGROVE, MICHIGAN**

**COMBINED STATEMENT OF REVENUE, EXPENSES  
AND CHANGE IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
YEAR ENDED MARCH 31, 2004**

	<b>PROPRIETARY FUND TYPES</b>		<b>TOTALS (MEMORANDUM ONLY)</b>	
	<b>ENTERPRISE</b>	<b>INTERNAL SERVICE</b>	<b>MARCH 31,</b>	
			<b>2004</b>	<b>2003</b>
<b>OPERATING REVENUE:</b>				
Charges for services	\$ 65,416	\$ 29,869	\$ 95,285	\$ 87,879
<b>OPERATING EXPENSES:</b>				
Salaries	4,153	9,072	13,225	16,724
Employee benefits	562	3,552	4,114	4,948
Administrative fees		1,076	1,076	1,045
Contracted services	7,075		7,075	2,266
Office supplies	340		340	831
Operating supplies		2,473	2,473	2,986
Gas & oil		1,851	1,851	1,765
Insurance	1,701	3,916	5,617	4,523
Professional fees	1,205	904	2,109	1,878
Utilities	3,148		3,148	2,725
Repairs and maintenance	1,176	10,510	11,686	8,144
Equipment rental	1,056		1,056	2,410
Operations board expense	13,522		13,522	13,295
Depreciation	50,346	7,387	57,733	55,947
<b>TOTAL OPERATING EXPENSES</b>	<u>84,284</u>	<u>40,741</u>	<u>125,025</u>	<u>119,487</u>
<b>OPERATING (LOSS)</b>	<u>(18,868)</u>	<u>(10,872)</u>	<u>(29,740)</u>	<u>(31,608)</u>
<b>NONOPERATING REVENUE (EXPENSES) :</b>				
Interest on investments		(34)	(34)	214
Sale of equipment		2,300	2,300	
Penalties and interest	2,344		2,344	1,546
Interest expense				(1,032)
Paying agent fees				(100)
<b>TOTAL NONOPERATING REVENUE</b>	<u>2,344</u>	<u>2,266</u>	<u>4,610</u>	<u>628</u>
<b>(LOSS) BEFORE OTHER FINANCING SOURCES</b>	<u>(16,524)</u>	<u>(8,606)</u>	<u>(25,130)</u>	<u>(30,980)</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer in		6,000	6,000	20,040
<b>NET (LOSS)</b>	<u>(16,524)</u>	<u>(2,606)</u>	<u>(19,130)</u>	<u>(10,940)</u>
ADD: Depreciation on fixed assets acquired by federal and state grants externally restricted for capital acquisitions and construction that reduces contributed capital	30,205		30,205	30,205
ADD: Depreciation on fixed assets acquired through special assessments for capital acquisitions and construction that reduces contributed capital	12,606		12,606	12,606
<b>INCREASE (DECREASE) IN RETAINED EARNINGS</b>	<u>26,287</u>	<u>(2,606)</u>	<u>23,681</u>	<u>31,871</u>
<b>RETAINED EARNINGS-APRIL 1</b>	168,451	25,383	193,834	161,963
<b>RETAINED EARNINGS-MARCH 31</b>	<u>\$194,738</u>	<u>\$ 22,777</u>	<u>\$217,515</u>	<u>\$193,834</u>

The accompanying notes are an integral  
part of the financial statements.

**VILLAGE OF FAIRGROVE, MICHIGAN**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
YEAR ENDED MARCH 31, 2004**

	<u>PROPRIETARY FUND TYPES</u>		<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>MARCH 31,</u>	
			<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating (loss)	\$ (18,868)	\$ (10,872)	\$ (29,740)	\$ (31,608)
Adjustments to reconcile operating (loss) to net cash provided by operating activities -				
Proceeds from sale of assets		2,300	2,300	
Depreciation	50,346	7,387	57,733	55,947
Change in assets and liabilities-				
(Increase) in accounts receivable	(6,188)		(6,188)	(6,790)
Decrease (Increase) in due from other municipalities				12,131
Increase (Decrease) in accounts payable	6,139	(4,085)	2,054	1,108
Increase in due to other funds				2,200
Total adjustments	50,297	5,602	55,899	64,596
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>31,429</u>	<u>(5,270)</u>	<u>26,159</u>	<u>32,988</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets		(2,993)	(2,993)	(17,463)
Principal paid on sewer construction bonds				(36,980)
Interest paid on sewer construction bonds				(1,238)
Paying agent fees				(100)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		<u>(2,993)</u>	<u>(2,993)</u>	<u>(55,781)</u>

(CONTINUED)

**VILLAGE OF FAIRGROVE, MICHIGAN**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
YEAR ENDED MARCH 31, 2004**

	<u>PROPRIETARY FUND TYPES</u>		<u>TOTALS</u> <u>(MEMORANDUM ONLY)</u>	
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>MARCH 31,</u>	
			<u>2004</u>	<u>2003</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating transfer in		6,000	6,000	20,040
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	2,344	(34)	2,310	1,774
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>33,773</u>	<u>(2,297)</u>	<u>31,476</u>	<u>(979)</u>
<b>CASH - APRIL 1</b>	605	(2,418)	(1,813)	(834)
<b>CASH - MARCH 31</b>	<u>\$ 34,378</u>	<u>\$ (4,715)</u>	<u>\$ 29,663</u>	<u>\$ (1,813)</u>
<b>RECONCILIATION OF CASH:</b>				
Cash in Bank (Overdraft)	<u>\$ 34,378</u>	<u>\$ (4,715)</u>	<u>\$ 29,663</u>	<u>\$ (1,813)</u>

The accompanying notes are an integral  
part of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Reporting Entity**

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic--but not the only--criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Village's reporting entity.

Excluded from the reporting entity:

**Akron-Fairgrove School District** - This potential component unit has a separate elected board and provides services to local residents of the Akron and Fairgrove, Michigan area. The Village does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

**Board of Operations Akron-Fairgrove Wastewater** - The Village of Fairgrove and the Village of Akron jointly appoint the board members of the Board of Operations. The Board of Operations is a separate reporting entity with a separate financial statement issued annually. Although the Board of Operations is not considered a component unit it is considered a jointly governed organization by the Village of Fairgrove and the Village of Akron. The Board operates a raw sewage treatment facility (lagoon) for the Village of Fairgrove and the Village of Akron. The Board of Operations generates revenue by monthly user charges based on gallons pumped by the two Villages. The Village of Fairgrove user fees amounted to \$13,522 for fiscal year ended March 31, 2004. The Villages do not have the ability to exercise influence or control over its daily operations. The related party payable for the fiscal year ended March 31, 2004 is \$3,724 and is included in the Sewer Fund Accounts Payable.

**Basis of Presentation:**

The financial activities of the Village are recorded in separate funds and account groups, categorized and described as follows:

**Governmental Funds:**

**General Fund** - The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Basis of Presentation: (Continued)**

**Proprietary Funds:**

**Enterprise Funds** - The Sewer Fund is used to account for the sewer operations in the Village. Enterprise Funds report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes.

**Internal Service Fund (Equipment Rental Fund)** - Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governments, on a cost-reimbursement basis.

**Fixed Assets** - Fixed assets are stated at cost. Depreciation is provided on the straight line basis over the estimated useful lives of the respective class of assets. A summary of Proprietary Fund Fixed Assets is included in Note 4. The estimated useful lives are as follows:

Sewer system	50 years
Equipment	5 - 8 years

**Account Groups:**

**General Fixed Assets Account Group** - This account group presents the cost of general fixed assets which are not recorded in proprietary funds.

**General Long-Term Debt Account Group** - This account group presents the balance of general obligation long-term debt which is not recorded in proprietary funds.

**"Total - (Memorandum Only)":**

The "Memorandum Only" total column represents the aggregate total of the various columnar statements by fund types and account groups. This total column is not comparable to a consolidation and, therefore, does not present consolidated information.

**Basis of Accounting:**

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting provides governments with two options for reporting their Proprietary Fund activities. The Village elected to apply all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements.

(CONTINUED)

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Basis of Accounting: (Continued)**

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenue when levied to the extent that they are measurable and available in accordance with NCGA interpretation 3 (Revenue Recognition - Property Taxes). Licenses and permits, fines and miscellaneous revenue are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Unbilled trash service receivables are recorded at yearend.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due.

The proprietary funds are accounted for using the accrual basis of accounting. Revenue is recognized when it is earned, and expenses are recognized when they are incurred.

**Budgets and Budgetary Accounting:**

The Village Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the Village charter, prior to March 1, the Village Clerk submits to the Village Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. The Village clerk submits the budget in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to March 31, the budget is legally enacted through passage of a resolution.
4. The Village Clerk presents a monthly report to the Village Council explaining any variance from the approved budget.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse at the end of each fiscal year.
8. The Village Council may authorize supplemental appropriations during the year. The budget was amended throughout the year at regular Village Council meetings.

(CONTINUED)



**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**

**Cash and Cash Equivalents:**

Cash and cash equivalents of the Village include cash on hand and all deposits with financial institutions.

**Property Taxes:**

Property taxes attach as an enforceable lien on property as of December 31. Village taxes are levied on the following July 1 and are payable without penalty through August 31. The Village bills and collects its own property taxes. Village property tax revenue is recognized as revenue in the fiscal year levied to the extent that it is measurable and available in accordance with NCGA Interpretation 3 (Revenue Recognition - Property Taxes).

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:**

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the Village's expenditures and budgeted expenditures for the budgetary funds have been shown on a line item basis. The approved budgets of the Village for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the following expenditures were in excess of the amount appropriated for the year:

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>UNFAVORABLE VARIANCE</u>
<b>GENERAL FUND:</b>			
Administration	\$41,760	\$42,567	\$ 807
Buildings and grounds	23,250	23,539	289
Fire	96,025	105,396	9,371
<b>MAJOR STREET:</b>			
Administration	1,600	1,679	79
Operating transfer out	6,500	7,636	1,136

**NOTE 3 - CASH AND DEPOSITS:**

Michigan Compiled Laws Section 129.91, authorizes the Village to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which

(CONTINUED)

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 3 - CASH AND DEPOSITS: (CONTINUED)**

mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Attorney General's Opinion Number 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan. The Village's deposits are in accordance with statutory authority. The Village has authorized management to deposit and invest in the accounts of federally insured banks and savings and loan associations within the State of Michigan and bonds, securities and other obligations of the United States, or any agency of the United States in which the principal and interest is fully guaranteed by the United States. The Village's deposits and investments are within the authorization as set forth by the Village of Akron.

The carrying amount of cash and deposits with financial institutions of the Village of Fairgrove amounted to \$346,966 at March 31, 2004. Of the deposits, \$6,000 is set aside for future police equipment purchases and \$955 is set aside for future fire equipment purchases. The total bank balance as of the same date was \$359,022. Deposits with financial institutions are categorized as follows:

Amount insured by the FDIC	\$ 156,292
Uncollateralized	202,730
Total deposits with financial institutions	<u>\$ 359,022</u>

All deposits categorized as uncollateralized are the property of the Village of Fairgrove.

The amount of uncollateralized deposits throughout the fiscal year did not significantly exceed the amount of uncollateralized deposits at March 31, 2004.

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES:**

The amounts of Interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	\$ 9,014	Sewer	\$ 9,014

**NOTE 5 - SUMMARY OF FIXED ASSETS:**

<u>PROPRIETARY FUNDS:</u>	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>
Land	\$ 107,732	
Transmission lines	2,014,806	
Lagoon system	391,647	
Machinery & equipment		
<b>Total</b>	<u>2,514,185</u>	<u>\$ 135,394</u>
Less: Accumulated Depreciation	(1,111,451)	135,394
<b>NET FIXED ASSETS</b>	<u>\$1,402,734</u>	<u>(107,578)</u>
		<u>\$ 27,816</u>

The equipment rental fund had \$2,993 in additions and \$3,650 in retirements. The sewer fund had no equipment additions or retirements.

(CONTINUED)

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 5 - SUMMARY OF FIXED ASSETS: (CONTINUED)**

**GENERAL FIXED ASSET ACCOUNT GROUP**

Land	\$ 11,907
Buildings	1,302,629
Equipment	507,949
<b>TOTAL GENERAL FIXED ASSETS</b>	<b>\$1,822,485</b>

The general fixed asset account group had fixed asset additions totaling \$37,293 and no retirements for the year ended March 31, 2004.

**NOTE 6 - LONG-TERM DEBT:**

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2004.

	<b>GENERAL LONG-TERM DEBT</b>		<b>TOTAL LONG-TERM DEBT</b>
	<b>COMPENSATED ABSENCES</b>	<b>FIRE APPARATUS</b>	
Balance April 1, 2003	\$ 581	\$ 80,392	\$ 80,973
Fire truck lease pmt.		(25,499)	(25,499)
Adjustment for accrued compensated absences	(328)		(328)
<b>Balance March 31, 2004</b>	<b>\$ 253</b>	<b>\$ 54,893</b>	<b>\$ 55,146</b>

Long-term debt service requirements:

<b>YEAR ENDING</b>	<b>TOTAL</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
3/31/05	29,525	26,776	2,749
3/31/06	29,778	28,370	1,408
	<b>\$59,303</b>	<b>\$55,146</b>	<b>\$ 4,157</b>

**COMPENSATED ABSENCES:**

Full-time village employees are allowed to accumulate a maximum of thirty days of sick leave. Accumulated unused sick leave at March 31, 2004, amounted to \$173. Full-time village employees are allowed to carryover five days of unused vacation pay at the end of the calendar year. Total unused vacation pay at March 31, 2004, amounted to \$80.

(CONTINUED)

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 6 - LONG-TERM DEBT: (CONTINUED)**

**FIRE APPARATUS:**

The Village is obligated under a lease with option to purchase agreement. The payments are \$29,525 per year. The lease is further explained in Note 11.

**NOTE 7 - CONTINGENT LIABILITY:**

The Village has elected to be a reimbursing employer for purposes of unemployment insurance claims. The Village reimburses the State of Michigan for all benefits charged against it. Unemployment insurance claims are recognized as expense when incurred.

**NOTE 8 - CONTRIBUTED CAPITAL:**

The following is a summary of changes made to contributed capital as of March 31, 2004:

<b>Contributed Capital, April 1, 2003</b>	\$1,301,314
Decrease: Current year depreciation on fixed assets acquired by federal and state grants	(30,205)
Decrease: Current year depreciation on fixed assets acquired by special assessments	(12,606)
<b>Contributed Capital, March 31, 2004</b>	<u>\$1,258,503</u>

**NOTE 9 - PENSION PLAN - DEFINED CONTRIBUTION:**

The Village of Fairgrove contributes to the Manulife Plan for Governmental Employees, which is a defined contribution pension plan.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants benefits that may be allocated to such participant's account. As established by local ordinance, all and only elected officials of the Village of Fairgrove can participate in the pension plan from the date they are officially elected to their respective position. Contributions made by the Village for an employee vest immediately. An employee who leaves the employment of the Village is entitled to his or her contributions and the Village's contributions if vesting requirements are satisfied. As determined by local ordinance, each employee must contribute 7.65% of his or her gross earnings to the pension plan. The Village is required to contribute an amount equal to 7.65% of the employee's gross earnings.

(CONTINUED)

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 9 - PENSION PLAN - DEFINED CONTRIBUTION: (CONTINUED)**

The Village's total current year payroll was \$62,868 and the Village's total current year covered payroll was \$18,569, which is for elected officials only.

During the year, the Village's required and actual contributions amounted to \$1,262, which was 6.8% of its current-year covered payroll. Employees' actual contributions amounted to \$1,326. The Village's actual contributions were less than 7.65% because of adjustments on their account.

No pension provision changes occurred during the year that affected the required contributions to be made by the Village or its employees.

The Manulife Plan held no securities of the Village or other related parties during the year or as of the close of the fiscal year ended March 31, 2004.

**NOTE 10 - RISK MANAGEMENT:**

**General Liability:**

Village of Fairgrove participates in the Michigan Municipal Liability and Property Pool, which is a public entity risk pool, for the coverage of significant losses due to its general liability. The participation in the pool constitutes transfer of the risk for significant losses to the pool with a coverage limit of \$1.86 million for real and personal property losses and \$5 million for liability losses. Village of Fairgrove is required to pay annual premiums to the Michigan Municipal Liability and Property Pool for the liability coverage. No supplemental premium assessment is required by the Michigan Municipal Liability and Property Pool. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Worker's Compensation:**

Village of Fairgrove participates in the Michigan Municipal Liability and Property Pool, which is a public entity risk pool, for the coverage of losses related to worker's compensation claims. The participation in the pool constitutes transfer of the risk for significant losses to the pool with a coverage limit of \$500,000. There have been no significant reductions in insurance coverage and settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Employee Health Care:**

Village of Fairgrove purchased commercial insurance coverage for its employees, including dependents.

**NOTE 11 - CAPITAL LEASE:**

The Village of Fairgrove is obligated under a lease with option to purchase agreement. Title to the equipment shall vest in lessee when lessee acquires and accepts the equipment. The lease is renewable until all rental payments are paid.

The total amount for the fire pumper and chassis is recorded in the Village's General Fixed Asset Account Group in the amount of \$202,716.

(CONTINUED)

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2004**

**NOTE 11 – CAPITAL LEASE: (CONTINUED)**

The following is a schedule, by years, of future minimum lease payments under the current capital lease:

<b><u>Year ending March 31,</u></b>	<b><u>Amounts</u></b>
2005	29,525
2006	25,368
Total	<u>\$54,893</u>

**SUPPLEMENTAL INFORMATION**

**VILLAGE OF FAIRGROVE, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>			
<b>Taxes:</b>			
Current property taxes	\$ 79,400	\$ 81,957	\$ 2,557
Trailer taxes	80	75	(5)
Penalties and interest on delinquent taxes	1,000	979	(21)
<b>Total taxes</b>	<u>80,480</u>	<u>83,011</u>	<u>2,531</u>
<b>Intergovernmental:</b>			
State revenue sharing	61,000	68,100	7,100
<b>Total intergovernmental</b>	<u>61,000</u>	<u>68,100</u>	<u>7,100</u>
<b>Miscellaneous:</b>			
Park donations	500		(500)
Fire protection & fire runs	48,000	85,895	37,895
Interest on investments	5,000	1,378	(3,622)
General department- Miscellaneous	3,000	3,875	875
<b>Total miscellaneous</b>	<u>56,500</u>	<u>91,148</u>	<u>34,648</u>
<b>TOTAL REVENUE</b>	<u>197,980</u>	<u>242,259</u>	<u>44,279</u>
<b>EXPENDITURES:</b>			
<b>Election:</b>			
Salaries		624	(624)
Materials and supplies	1,400	581	819
<b>Total election</b>	<u>1,400</u>	<u>1,205</u>	<u>195</u>
<b>Administration:</b>			
Salaries-Elected officials	12,500	13,199	(699)
Social security	110	104	6
Office supplies	1,500	1,563	(63)
Professional fees	2,700	2,711	(11)
Legal fees	800	893	(93)
Telephone	1,000	962	38
Publishing legal notices	500	490	10
Insurance and bonds	12,700	12,703	(3)

(CONTINUED)



**VILLAGE OF FAIRGROVE, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES: (CONTINUED)</b>			
<b>Administration: (Continued)</b>			
Memberships and dues		875	(875)
Miscellaneous	8,000	7,123	877
Tax statement preparation	350	320	30
Pension contributions	1,600	1,624	(24)
<b>Total administration</b>	<u>41,760</u>	<u>42,567</u>	<u>(807)</u>
<b>Village buildings and grounds:</b>			
Salaries	5,200	4,917	283
Employee benefits	1,000	1,925	(925)
Custodial supplies	200	115	85
Liability insurance	2,700	2,638	62
Electric-Buildings	3,800	3,791	9
Heat-Buildings	2,100	2,204	(104)
Repairs and maintenance	6,500	6,229	271
Contracted services	450	470	(20)
Miscellaneous expense	1,300	1,250	50
<b>Total village buildings and grounds</b>	<u>23,250</u>	<u>23,539</u>	<u>(289)</u>
<b>Police department:</b>			
Contracted services	<u>18,304</u>	<u>18,284</u>	<u>20</u>
<b>Public works department:</b>			
Labor	8,000	7,324	676
Employee benefits	3,000	3,024	(24)
Tools and supplies	500	386	114
Contracted services	5,500	3,675	1,825
Telephone	600	673	(73)
Street lighting	12,000	12,069	(69)
Park maintenance	2,300	2,267	33
Equipment rental	22,200	21,323	877
Insurance	300	293	7
Miscellaneous	700	658	42
<b>Total public works department</b>	<u>55,100</u>	<u>51,692</u>	<u>3,408</u>

**VILLAGE OF FAIRGROVE, MICHIGAN**

**GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES: (CONTINUED)</b>			
<b>Fire department:</b>			
Wages	12,200	10,855	1,345
Employee benefits	700	830	(130)
Supplies and uniforms	9,700	4,039	5,661
Gas and oil	600	599	1
Insurance	6,900	6,864	36
Utilities	3,400	3,560	(160)
Repairs and maintenance	4,300	4,770	(470)
Dues and subscriptions	350	355	(5)
Conferences and education	850	840	10
Fire department	<u>57,025</u>	<u>72,684</u>	<u>(15,659)</u>
<b>Total fire department</b>	96,025	105,396	(9,371)
<b>TOTAL EXPENDITURES</b>	<u>235,839</u>	<u>242,683</u>	<u>(6,844)</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(37,859)</u>	<u>(424)</u>	<u>37,435</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers out	(6,000)	(6,000)	
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(43,859)</u>	<u>(6,424)</u>	<u>37,435</u>
<b>FUND BALANCE - APRIL 1</b>	143,223	143,223	
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 99,364</u>	<u>\$ 136,799</u>	<u>\$ 37,435</u>

VILLAGE OF FAIRGROVE, MICHIGAN

SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
MARCH 31, 2004

	MAJOR STREET	LOCAL STREET	LOCAL STREET IMPROVEMENT	TOTALS (MEMORANDUM ONLY)	
				2004	MARCH 31, 2003
<b><u>ASSETS</u></b>					
Cash	\$ 101,418				
Taxes receivable		\$ 58,255	\$ 20,175	\$ 179,848	\$ 194,401
Accounts receivable	20,432	9,308	3,362	3,362	3,258
Accrued interest receivable				29,740	7,745
<b>TOTAL ASSETS</b>	<u>\$ 121,850</u>	<u>\$ 67,563</u>	<u>\$ 23,537</u>	<u>\$ 212,950</u>	<u>\$ 205,641</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
<b>LIABILITIES:</b>					
Accounts payable		\$ 793		\$ 793	
<b>TOTAL LIABILITIES:</b>		<u>793</u>		<u>793</u>	
<b>FUND EQUITY:</b>					
Fund balance	\$ 121,850	66,770	\$ 23,537	212,157	\$ 205,641
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$ 121,850</u>	<u>\$ 67,563</u>	<u>\$ 23,537</u>	<u>\$ 212,950</u>	<u>\$ 205,641</u>

VILLAGE OF FAIRGROVE, MICHIGAN

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE  
YEAR ENDED MARCH 31, 2004

	MAJOR STREET	LOCAL STREET	LOCAL STREET IMPROVEMENT	TOTALS (MEMORANDUM ONLY)	
				2004	MARCH 31, 2003
REVENUE:					
Taxes				\$ 3,363	\$ 3,258
Intergovernmental	\$ 37,084	\$ 13,910	\$ 3,363	50,994	48,253
Miscellaneous	1,095	488	174	1,757	3,362
TOTAL REVENUE	38,179	14,398	3,537	56,114	54,873
EXPENDITURES:					
Streets	41,716	7,882		49,598	15,745
EXCESS OF REVENUE OVER (UNDER)					
EXPENDITURES	(3,537)	6,516	3,537	6,516	39,128
OTHER FINANCING SOURCES (USES):					
Operating transfers in		7,636		7,636	8,039
Operating transfers out	(7,636)			(7,636)	(8,039)
TOTAL OTHER FINANCING SOURCES (USES)	(7,636)	7,636		-	-
EXCESS OF REVENUE AND OTHER SOURCES OVER (UNDER)					
EXPENDITURES AND OTHER USES	(11,173)	14,152	3,537	6,516	39,128
FUND BALANCE - APRIL 1	133,023	52,618	20,000	205,641	166,513
FUND BALANCE - MARCH 31	121,850	66,770	23,537	212,157	205,641

**VILLAGE OF FAIRGROVE, MICHIGAN**

**MAJOR STREET FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>			
<b>Intergovernmental:</b>			
Gas and weight tax	\$ 25,000	\$ 30,545	\$ 5,545
County road improvement	5,800	6,539	739
<b>Miscellaneous:</b>			
Interest income	1,500	1,095	(405)
<b>TOTAL REVENUE</b>	<u>32,300</u>	<u>38,179</u>	<u>5,879</u>
<b>EXPENDITURES:</b>			
Construction	70,000	31,184	38,816
Routine maintenance	10,100	6,806	3,294
Traffic services	900	369	531
Winter maintenance	2,200	1,678	522
Administrative	<u>1,600</u>	<u>1,679</u>	<u>(79)</u>
<b>TOTAL EXPENDITURES</b>	84,800	41,716	43,084
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(52,500)</u>	<u>(3,537)</u>	<u>48,963</u>
<b>OTHER FINANCING (USES):</b>			
Operating transfer out	(6,500)	(7,636)	(1,136)
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<u>(59,000)</u>	<u>(11,173)</u>	<u>47,827</u>
<b>FUND BALANCE - APRIL 1</b>	133,023	133,023	
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 74,023</u>	<u>\$ 121,850</u>	<u>\$ 47,827</u>

**VILLAGE OF FAIRGROVE, MICHIGAN**

**LOCAL STREET FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUE:</b>			
<b>Intergovernmental:</b>			
Gas and weight tax	\$ 12,000	\$ 13,910	\$ 1,910
<b>Miscellaneous:</b>			
Interest income	600	488	(112)
<b>TOTAL REVENUE</b>	<u>12,600</u>	<u>14,398</u>	<u>1,798</u>
<b>EXPENDITURES:</b>			
Routine maintenance	7,500	3,624	3,876
Traffic services	400	130	270
Winter maintenance	2,900	2,449	451
Administrative	<u>2,000</u>	<u>1,679</u>	<u>321</u>
<b>TOTAL EXPENDITURES</b>	<u>12,800</u>	<u>7,882</u>	<u>4,918</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(200)</u>	<u>6,516</u>	<u>6,716</u>
<b>OTHER FINANCING SOURCES:</b>			
Operating transfer in	6,500	7,636	1,136
<b>EXCESS OF REVENUE AND OTHER SOURCES OVER EXPENDITURES</b>	<u>6,300</u>	<u>14,152</u>	<u>7,852</u>
<b>FUND BALANCE - APRIL 1</b>	52,618	52,618	
<b>FUND BALANCE - MARCH 31</b>	<u>\$ 58,918</u>	<u>\$ 66,770</u>	<u>\$ 7,852</u>

**VILLAGE OF FAIRGROVE, MICHIGAN**

**LOCAL STREET IMPROVEMENT FUND  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE:			
Taxes:			
Bridge tax	\$ 2,700	\$ 3,363	\$ 663
Miscellaneous:			
Interest income	<u>200</u>	<u>174</u>	<u>(26)</u>
TOTAL REVENUE	2,900	3,537	637
 FUND BALANCE - APRIL 1	 20,000	 20,000	
 FUND BALANCE - MARCH 31	 <u>\$ 22,900</u>	 <u>\$ 23,537</u>	 <u>\$ 637</u>

**VILLAGE OF FAIRGROVE, MICHIGAN**  
**STATEMENT OF GENERAL FIXED ASSETS**  
**MARCH 31, 2004**

**General fixed assets:**

Land	\$ 11,907
Buildings	1,302,629
Equipment	<u>507,949</u>
<b>Total general fixed assets</b>	<b><u>\$ 1,822,485</u></b>

**Investments in general fixed assets from:**

General fund revenues	\$ 1,738,650
Donations	28,942
Obligation under a capital lease	<u>54,893</u>
<b>Total investment in general fixed assets</b>	<b><u>\$ 1,822,485</u></b>



**VILLAGE OF FAIRGROVE, MICHIGAN**  
**STATEMENT OF GENERAL LONG-TERM DEBT**  
**MARCH 31, 2004**

**AMOUNT TO BE PROVIDED  
FOR PAYMENT OF GENERAL LONG-TERM DEBT**

Fire apparatus lease payable	\$ 54,893
Compensated absences	<u>253</u>
<b>Total amount to be provided</b>	<b><u>\$ 55,146</u></b>

**GENERAL LONG-TERM DEBT PAYABLE**

Fire apparatus lease payable	\$ 54,893
Compensated absences payable	<u>253</u>
<b>Total general long-term debt payable</b>	<b><u>\$ 55,146</u></b>

**VILLAGE OF FAIRGROVE, MICHIGAN**

**MAJOR STREET FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>Construction</b>	<u>\$ 70,000</u>	<u>\$ 31,184</u>	<u>\$ 38,816</u>
<b>Routine Maintenance:</b>			
Labor		653	
Employee benefits		256	
Materials & supplies		1,532	
Contracted services		1,625	
Equipment rental		2,740	
<b>Total routine maintenance</b>	<u>10,100</u>	<u>6,806</u>	<u>3,294</u>
<b>Traffic services:</b>			
Labor		25	
Employee benefits		10	
Material and supplies		281	
Equipment rental		53	
<b>Total traffic services</b>	<u>900</u>	<u>369</u>	<u>531</u>
<b>Winter maintenance:</b>			
Labor		323	
Employee benefits		127	
Equipment rental		1,228	
<b>Total winter maintenance</b>	<u>2,200</u>	<u>1,678</u>	<u>522</u>
<b>Administrative:</b>			
Salaries		1,076	
Professional fees		603	
<b>Total administrative</b>	<u>1,600</u>	<u>1,679</u>	<u>(79)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 84,800</u>	<u>\$ 41,716</u>	<u>\$ 43,084</u>

**VILLAGE OF FAIRGROVE, MICHIGAN**

**LOCAL STREET FUND  
SCHEDULE OF EXPENDITURES  
YEAR ENDED MARCH 31, 2004**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>Routine Maintenance:</b>			
Labor		\$ 561	
Employee benefits		220	
Materials & supplies		562	
Contracted services		660	
Equipment rental		1,621	
<b>Total routine maintenance</b>	<u>\$ 7,500</u>	<u>3,624</u>	<u>\$ 3,876</u>
<b>Traffic services:</b>			
Labor		25	
Materials & supplies		52	
Equipment rental		53	
<b>Total traffic services</b>	<u>400</u>	<u>130</u>	<u>270</u>
<b>Winter maintenance:</b>			
Labor		471	
Employee benefits		184	
Equipment rental		1,794	
<b>Total winter maintenance</b>	<u>2,900</u>	<u>2,449</u>	<u>451</u>
<b>Administrative:</b>			
Salaries		1,076	
Professional fees		603	
<b>Total administrative</b>	<u>2,000</u>	<u>1,679</u>	<u>321</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 12,800</u>	<u>\$ 7,882</u>	<u>\$ 4,918</u>

**VILLAGE OF FAIRGROVE, MICHIGAN**

**GENERAL FIXED ASSETS**  
**(SCHEDULE BY FUNCTION AND ACTIVITY)**  
**MARCH 31, 2004**

	<u>LAND</u>	<u>BUILDING</u>	<u>EQUIPMENT</u>	<u>TOTAL</u>
<b>General government:</b>				
General administration	\$ 8,300	\$ 1,226,029	\$ 16,759	\$ 1,251,088
Village clerk			8,653	8,653
Park			23,697	23,697
<b>Total general government</b>	<u>8,300</u>	<u>1,226,029</u>	<u>49,109</u>	<u>1,283,438</u>
<b>Public Safety:</b>				
Police			5,425	5,425
Fire			447,390	447,390
<b>Total public safety</b>			<u>452,815</u>	<u>452,815</u>
<b>Public works</b>	<u>3,607</u>	<u>58,000</u>	<u>6,025</u>	<u>67,632</u>
<b>Sanitation</b>		18,600		18,600
<b>Total general fixed assets allocated to functions and activities</b>	<u>\$ 11,907</u>	<u>\$ 1,302,629</u>	<u>\$ 507,949</u>	<u>\$ 1,822,485</u>